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C O N F I D E N T I A L SECTION 01 OF 02 DHAKA 000484

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TAGS: [ECON](#) [EWWT](#) [PREL](#) [BEXP](#) [PGOV](#) [ETRD](#) [BG](#)  
SUBJECT: BANGLADESH SHIPPING MINISTER WANTS TO DEVELOP  
PORTS, INLAND WATERWAYS

REF: A. DHAKA 425  
[1](#)B. DHAKA 398  
[1](#)C. DHAKA 285  
[1](#)D. DHAKA 263

Classified By: Ambassador James F. Moriarty, Reasons 1.4 (b) and (d)

SUMMARY

[1](#)1. (C) The Government of Bangladesh (GOB) plans to develop its inland waterways, its two major ports and a new deep water port, according to Shipping Minister Dr. Afsarul Amin. The Minister told the Ambassador on May 13 that dredging Bangladesh's many waterways, both to improve transport and irrigation, was a top priority of Prime Minister Sheikh Hasina. The Ambassador urged the Minister to oppose a plan that would force foreign-owned shipping companies in Bangladesh to enter into joint ventures with local firms; the Ambassador also advocated on behalf of a U.S. firm bidding on a tender for dredgers. The Minister, a physician and member of Parliament from Chittagong, home of Bangladesh's main port, does not have previous experience with shipping issues, but he seems eager to advance GOB objectives and work with the United States where possible.

PORTS AND INLAND WATERWAYS

[1](#)2. (SBU) Shipping Minister Dr. Afsarul Amin told the Ambassador at the May 13 meeting that Bangladesh's ports and inland waterways were the nation's economic lifelines. Minister Amin said the GOB placed high priority on improving Chittagong Port in southeast Bangladesh, which was the conduit of most of the country's trade. There were also plans to develop a deep-sea port near Cox's Bazaar, southeast of Chittagong. Currently all ships going to and from Bangladesh must transit through larger ports like Singapore. The GOB would like to develop a deep sea port to attract large oceanic ships to carry cargo to and from Bangladesh's main trading partners in the United States and Europe.

[1](#)3. (SBU) The Minister also said development of inland waterways was a priority shared by the Prime Minister and the Minister of Agriculture. The GOB wanted to upgrade its ancient fleet of dredgers to free Bangladesh's rivers from the silt that built up annually as a result of water flowing down from the Himalayas. Improved river dredging would

increase the ability of the rivers to be used for transport, the cheapest mode of transport in Bangladesh. Dredging also would help farmers with crop irrigation, the Minister observed.

#### USG ADVOCACY ON SHIPPING FIRMS AND DREDGING TENDER

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¶4. (SBU) The United States was in a position to help Bangladesh with its goals, the Ambassador said, noting that a U.S. firm, DSC Inc., had partnered with one of Bangladesh's largest shipyards to bid on a government tender for dredgers.

The Ambassador urged the Minister to seriously consider this bid to supply Bangladesh with dredgers from the United States. The Minister replied that the bids were being evaluated by a technical committee, which would soon provide a recommendation to the Shipping Ministry. He pledged to consider the U.S. bid in light of the committee's findings.

¶5. (SBU) The Ambassador also requested the Minister's support on the issue of foreign-invested shipping firms operating in Bangladesh. The Ambassador said a proposal that would force foreign shipping companies, like the U.S. firm APL, to enter into joint ventures with Bangladeshi shipping companies would increase shipping costs in Bangladesh, would make Bangladesh's exports more expensive, and would send a bad signal to foreign investors generally (reftels). Dr. Amin said his ministry did not have responsibility for this issue but said he understood U.S. concerns and would relay them to his Cabinet colleagues.

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#### MEGAPOINTS AND PORT SECURITY ASSESSMENTS

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¶6. (SBU) The Ambassador highlighted ongoing U.S.-Bangladesh cooperation in the area of port security, including the Megaports Initiative and an upcoming port security assessment project. The Minister was familiar with USG efforts to provide Chittagong Port with radiological scanning equipment and training through the Megaports Initiative. His private secretary, who recently joined a GOB delegation for training in Washington, enthusiastically described what he had learned in the United States and plans for future engagement.

#### COMMENT

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¶7. (C) Minister Amin is a physician who comes from a wealthy Chittagong family. He was elected to Parliament from a constituency in downtown Chittagong. His appointment as Shipping Minister was a surprise; our contacts tell us the Prime Minister passed over the member of Parliament expected to get the job in favor of Amin, who reportedly has better relations with the powerful Mayor of Chittagong. While new to his portfolio, the Minister clearly has been studying up on his responsibilities.

¶8. (C) With regard to the port of Chittagong, the 2007-2008 Caretaker Government made significant changes to port operations that dramatically improved its efficiency. Many businesspeople have expressed concern that Chittagong Port might revert to previous inefficiency and corruption under the Awami League government, particularly because the Mayor of Chittagong has a reputation for corruption. A businessman representing a U.S. company here told us Bangladesh's exporters, who were delighted with changes made to the port, had thus far prevented the mayor from altering port operations in his favor. Despite his reported connection to the Chittagong mayor, the Shipping Minister appeared to grasp the important role a well-run port plays in Bangladesh's economy.

PASI